



Financial & Construction Assistance

and

Capacity Development Programs

February 2018

Webcast Agenda

1. Overview - Office of Drinking Water (ODW) and Financial & Construction Assistance Program (FCAP)
2. What's New for FY19 Construction Funds?
3. What's Continued from Previous Years?
4. FCAP Funding Eligibility and Program Details
5. FCAP Applications - Refinance, Construction, and Source Water Protection
6. Funding Through Capacity Development

Office of Drinking Water

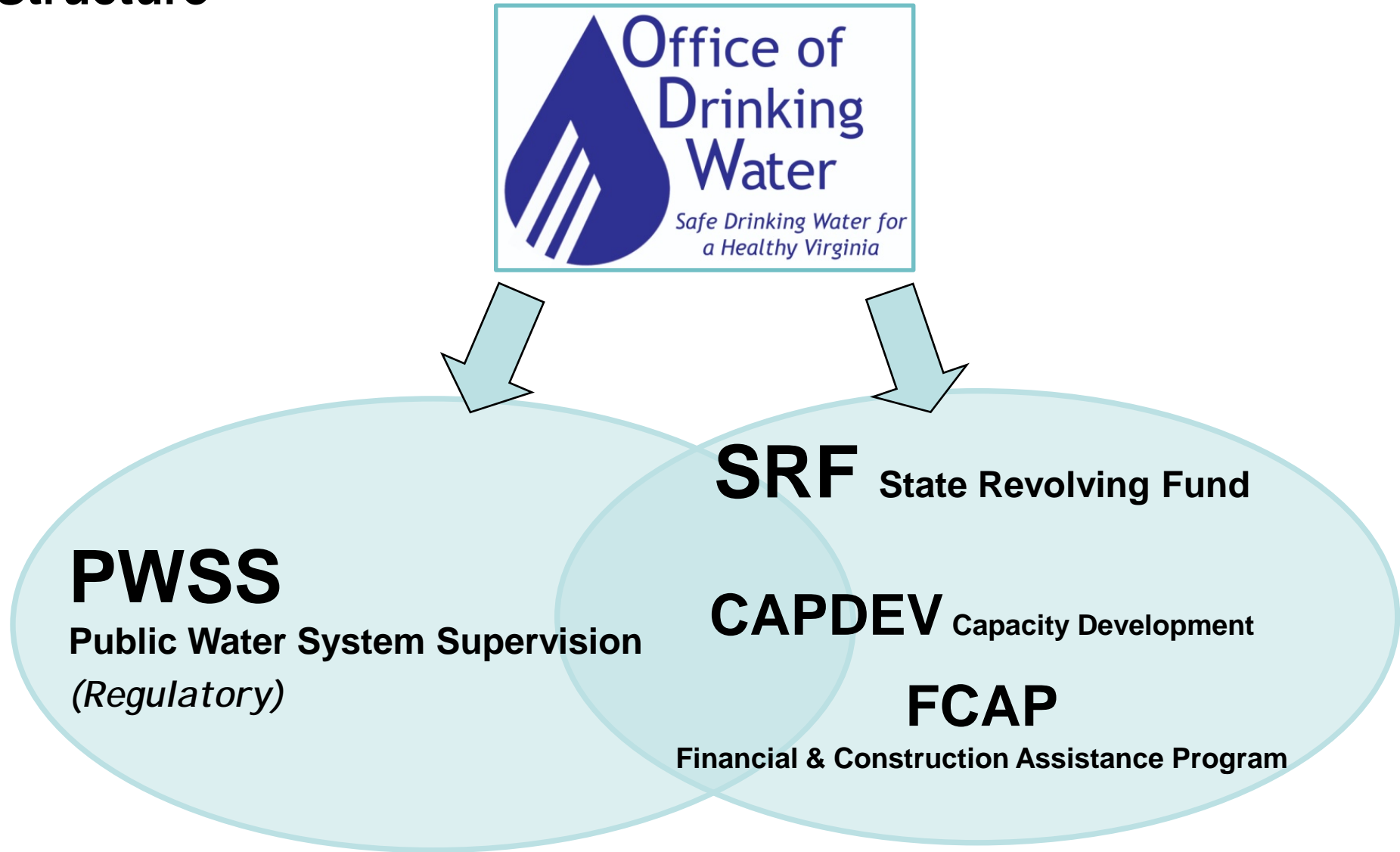
Mission

Protect public health by ensuring that all people in Virginia have access to an adequate supply of clean, safe drinking water that meets federal and state drinking water standards.



<http://www.vdh.virginia.gov/drinking-water/>

ODW's Role & Structure



Office of Drinking Water Funding Sources

ODW manages the following two funding sources:

- Drinking Water State Revolving Fund (DWSRF) Program
= federal funds + state match
- Water Supply Assistance Grant (WSAG) Fund Program =
all state funds

Note: For all proposed construction projects, regardless of the funding source, please use our Construction Application.

Drinking Water State Revolving Loan Fund (DWSRF) Goal

Provide a comprehensive and integrated technical and financial assistance program to waterworks through a balanced approach of using set-asides and construction funds.

Drinking Water State Revolving Loan Fund

Construction/Project Funds:

- Correcting public health problems and ensuring compliance with the Safe Drinking Water Act and state regulations
- Replacing Aging Infrastructure & Critical Assets
- Other

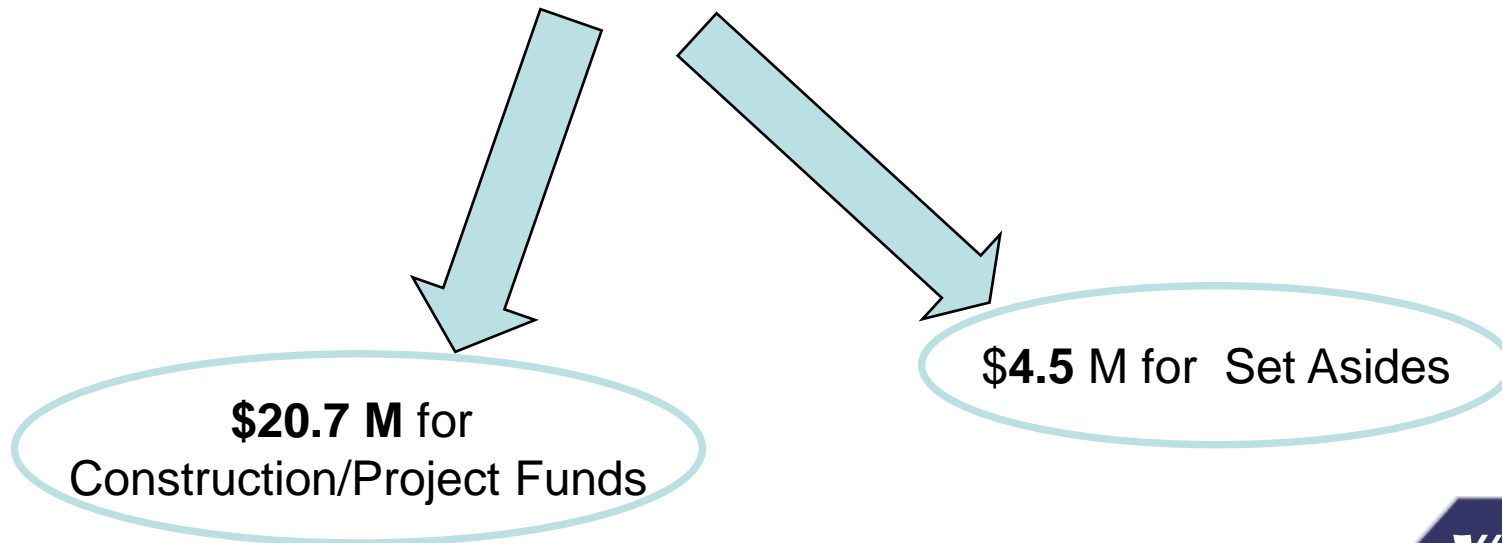
Set-asides Funds (non-construction):

- Enhance the long term capacity to produce safe drinking water
- Program admin, courses, scholarships, planning & design funds, direct technical assistance, & more!

Drinking Water State Revolving Loan Fund (DWSRF)

DWSRF simplified - Follow the Money - Ex. for 2017:

EPA grant =	\$13.7 M	(Determined by Feds, VDH applies annually)
State Match =	\$2.7 M	(20% required by each state)
Repayments =	<u>\$8.5 M</u>	(repayments on past loans)
Total =	\$24.9 M	



Construction Funding History

<u>SFY</u>	<u>Closed Loans/Grants</u>	<u>Projects</u>
Pre-2004	\$ 105,402,330	87
2004	\$ 11,667,041	16
2005	\$ 10,654,508	17
2006	\$ 16,833,000	17
2007	\$ 12,124,046	15
2008	\$ 6,193,126	12
2009	\$ 13,707,176	18
ARRA	\$ 23,580,837	21
2010	\$ 10,060,423	13
2011	\$ 15,496,322	16
2012	\$ 18,330,972	16
2013	\$ 26,077,006	15
2014	\$ 28,182,614	20
2015	\$ 16,262,052	20
2016	\$ 16,912,070	24
2017	\$ 17,435,147	20
2018 (Expected)	\$ 20,000,000	20
Total =	\$368,918,670	367

What's New for FY 19 Construction Funding?



What's New for FY 19 Construction Funding?

DWSRF Capitalization Grant Amount

- \$15M (approx.) to be available in 2019
- \$25M (approx.) intended for DWSRF construction projects awards.

Other Items of Interest

- VDH is in a position to fund large capital improvement projects (upwards of \$10 M). Phased approach for very large projects.
- Typical interest rates range from 1.5% to 2.5% with a 20 year term and 2.3% to 3.0% for a 30 year term (for 30 year term - needs to be disadvantaged).

What's New for FY 19 Construction Funding?

Small Construction Grants (\$150,000 or less)

- VDH reserves the right to limit 100% principal forgiveness to one per waterworks owner once every 3 years.
- Limited grant funds, limited staff to manage, EPA PACE
- Instead - look at 4 to 5 year capital improvement plan

Disadvantaged Criteria Revised

- To increase access to 30 yr. loans (versus a 20 yr. term)
- The average monthly residential user rate > target rate
- Target rate = 1.0% x Median Household Income (MHI)
- Use MHI from area that benefits from project

What's New for FY 19 Construction Funding?

Readiness to Proceed and Timely Use of Funds

- To promote readiness to proceed and timely use of funds, VDH intends to offer reduced interest rates (of up to 25 bps) for recipients that can close loans within 12 months of the standard award date.
- Standard award date = the date when the majority of ODW award letters are mailed.
- Time is of the essence!

What's New for FY 19 Construction Funding?

Projects in the Eastern Virginia Groundwater Management Area (EVGMA) Only:

- To conserve water in the EVGMA, VDH reserves the right to give precedence to water projects that do not involve withdrawal of groundwater from the coastal plain aquifer over those projects that do withdraw groundwater in the EVGMA.
- VDH will only apply this evaluation to equally ranked projects when both are located in the EVGMA.

What's Continued From Previous Years?

To be
continued...

What's Continued From Previous Years?

More details later in the presentation:

- Lead Service Line Replacement Program.
- Preliminary Engineering Conference (PEC) Requirement. Contact the appropriate ODW Field Office to schedule this ASAP - prior to submitting the VDH Construction Application.
- Preliminary Engineering Report - can be funded as part of the construction project.
- Design-Build and other alternative project delivery methods.

What's Continued From Previous Years?

Building Financial Sustainability

- VDH reserves the right to require the implementation of rate changes including but not limited to annual rate increases.

How may VDH assist you?

- VDH intends to offer reduced interest rates (up to 25 bps) for recipients that commit to compound annual rate increases of at least 2% a year for five years as long as any additional funds generated are for the use of the waterworks.

DWSRF Funding Eligibility and Program Details



Construction Loan Eligibility Criteria

Applicants:

- Current or Future waterworks owners
- Community type waterworks
- Non-Profit Non-Community type waterworks
- Political Subdivisions (towns, cities, counties) & Public Service Authorities
- Private/investor owned waterworks

Any sized waterworks that meets the above criteria is eligible to apply.

Not for state or federally-owned waterworks.

Construction Loan Eligibility Criteria

Project priorities:

- Correct/prevent public health compliance problems,
- Improve the Technical, Managerial, and Financial (TMF) Capacity of the waterworks, and/or
- Improve reliability, sustainability or resiliency

Not meant for:

- *Growth or economic development*
- *Fire protection*
- *Reservoirs*
- *Emergency projects*

Construction Loan Eligibility Criteria

Not meant for (continued from previous slide):

Per EPA requirements:

- Water systems that lack adequate technical, managerial, and financial (TMF) capacity or that cannot achieve adequate TMF capacity are ineligible for financial assistance from DWSRF funds.

Construction Loan Eligible Projects

New Construction, repair, replacement or improvement of:



Source, Treatment...

Construction Loan Eligible Projects



Monitoring/Control, Distribution,
Emergency Power, Security...

Construction Loan Eligible Activities

Projects Can Include:

- Preparation of Preliminary Engineering Reports
- Development of Plans and Specifications
- Leak Detection Studies and Water Audits
- Asset Management Plans
- Well Drilling and Development
- Land Acquisition/Conservation Easements for Source Water Protection/Development

These eligible activities can be included as part of the overall Construction Project!

Office of Drinking Water Construction Assistance

Contractor Labor:

- Design-Bid-Build - majority of our projects
- Design-Build or Other Alternative Project Delivery Method

Non-Contractor Labor:

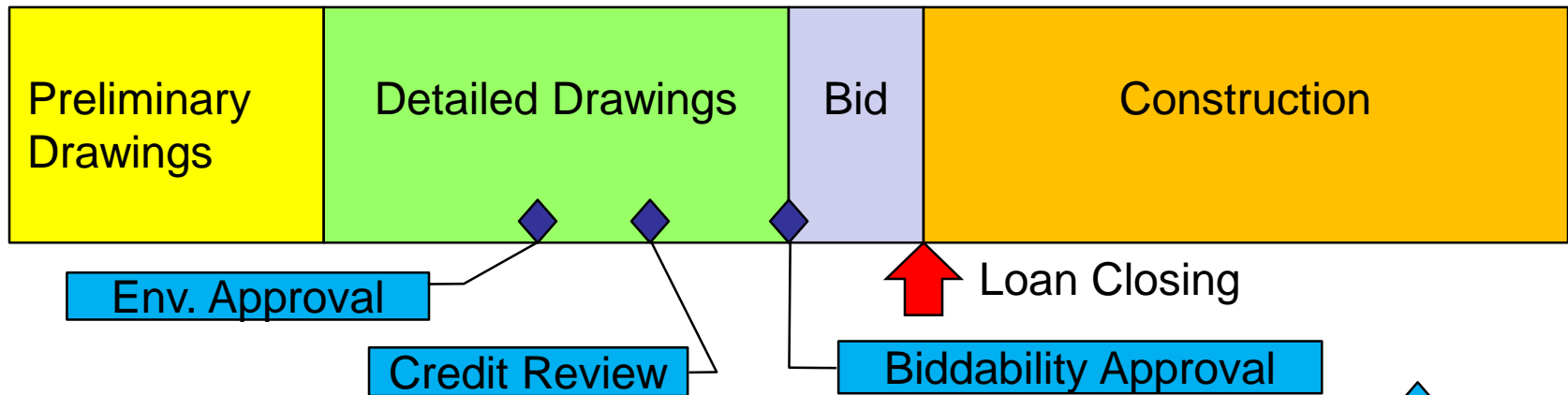
- Force Account Construction - FCAP must approve this based on the organization's ability to perform the proposed work (manpower, equipment, and expertise, etc.)
- Examples - water line installation, meter installation

Drinking Water Funding Program Details

Design-Build

- VDH made revisions to accommodate Design Build and other alternative project delivery methods.
- Locality needs ordinance to authorize alternative project delivery method.
- VDH currently has its first design build project (\$5.6 M in VDH FY 17 funding).
- Contact VDH as soon as possible to ensure that you will meet all procurement requirements.

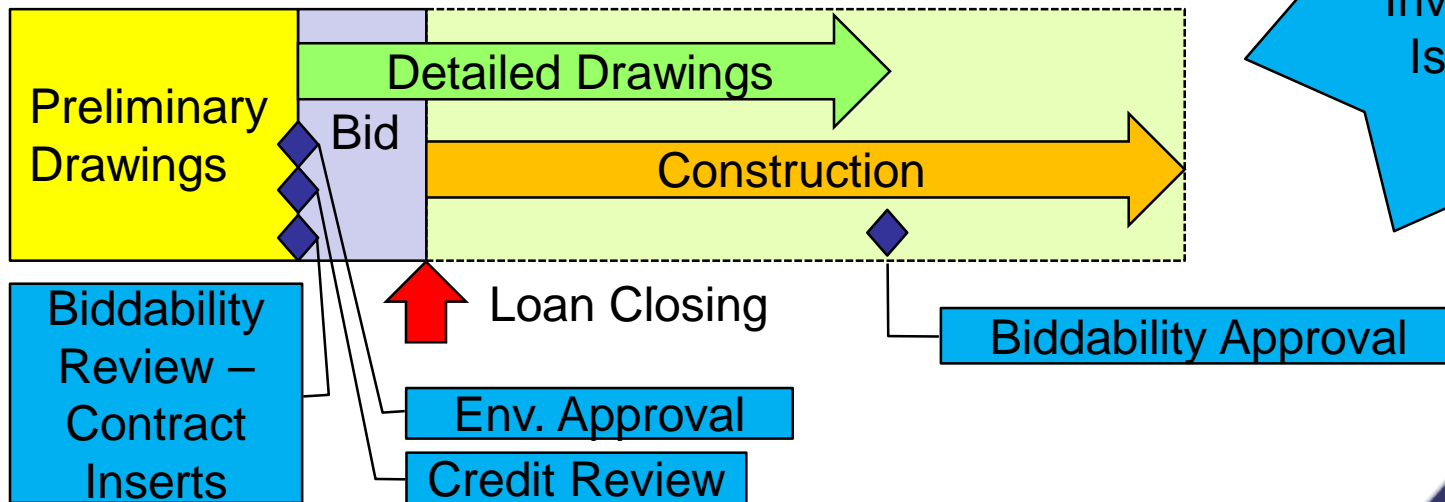
Project Delivery Comparison, FCAP



Traditional

Vs.

Alternative (Design-Build)



Field Office
Involvement
Is Critical!

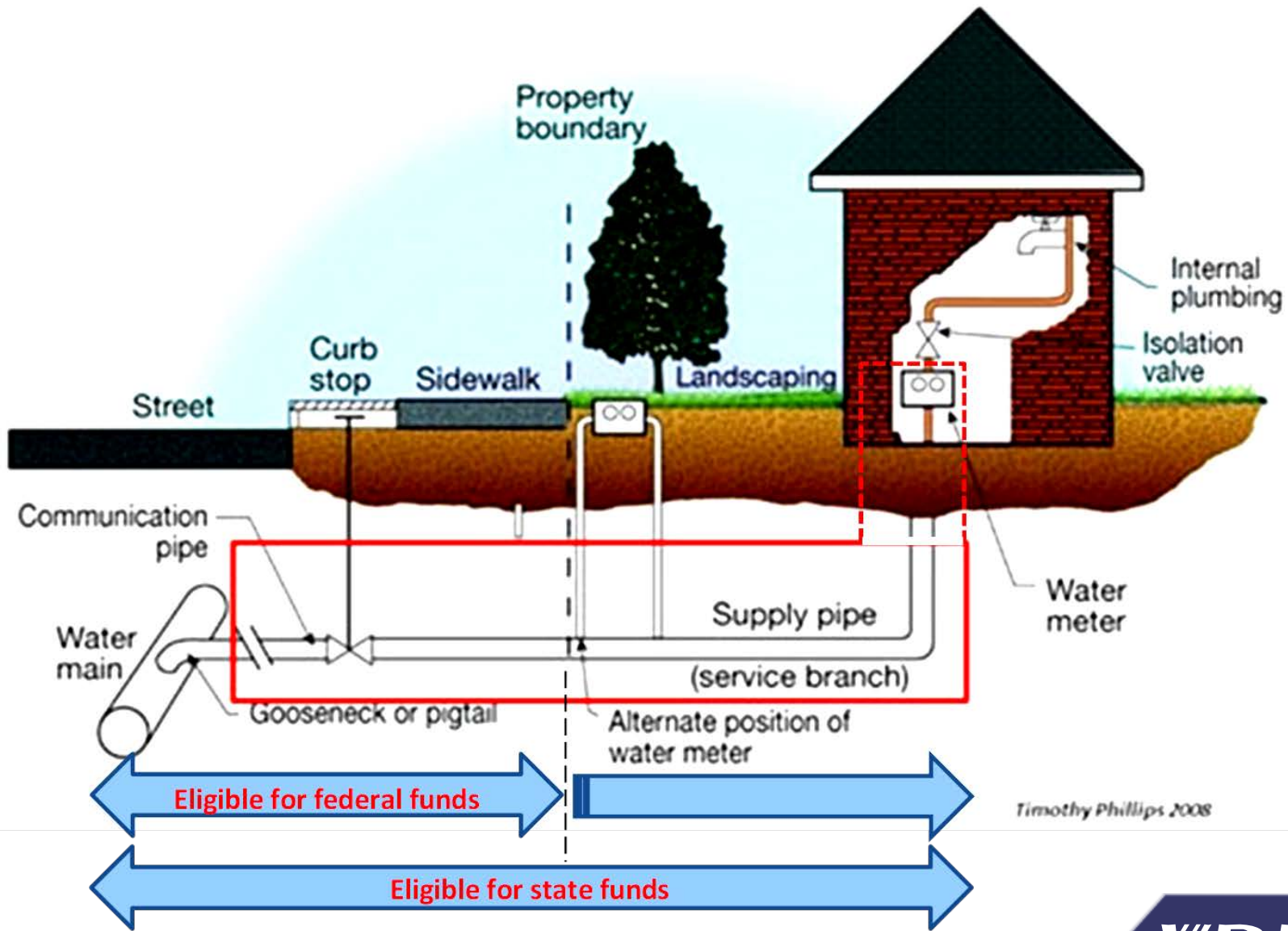
Lead Service Line Replacement Program

- Eligibility = Community waterworks or non-profit non-transient waterworks owners who have confirmed or suspected lead service lines (includes utility and/or customer portion of the service line).
- Grant rebates of the lesser of the actual cost of replacement or \$5,000 per lead service line (LSL) replaced for the private portion of the lead service line replaced.
- Up to \$500 of the \$5,000 may be used for administrative/investigative work.
- VDH reserves the right to limit the grant to a total of \$500,000 per applicant per funding year, and the administrative costs to \$25,000.

Lead Service Line Replacement Program

- Lead Service Line (LSL) replacement must be a complete replacement (public and private side of the service line).
- Partial replacements are only eligible if the action completes the entire replacement.
- Includes pipe entry at or into the structure - up to and including a shut off valve.
- Excludes premise plumbing.
- VDH funded 3 LSL replacement projects in FY 18.

Lead Service Line Replacement Schematic



Lead Service Line Replacement Program

Required with the quarterly disbursement requests

- Completion of the lead service replacement (e.g. plumbing invoice to property owner or to the waterworks showing the address of the work and total cost of work)
- Waterworks confirmation completion (e.g. copy of waterworks or final building inspectors report)
- Waterworks payment confirmation of past rebates provided to the home owners or authorized third party to avoid any duplicate payments. Property addresses must be shown.
- Running tally of all residences/addresses that had service line replacements done under this program to avoid any duplicate payments. Property addresses must be shown.

Water Debt - Refinancing

- VDH's Program allows for refinancing local public dept obligations related to drinking water infrastructure.

Criteria:

- Construction started and such debt was incurred after July 1, 1993.
- Davis-Bacon wage requirements met when construction initiated on or after October 30, 2009.
- American Iron and Steel requirements met when plans and specifications approved on or after January 17, 2014.

Privately-owned systems are not eligible for refinancing.

Priority Ranking

As a condition of each capitalization grant ODW must develop a Project Priority List (PPL)

- Evaluate projects based on an EPA-approved criteria
- Rank projects in priority order
- Offer funding in strict priority order
- Make the PPL available to the public
- Establish a public comment period/meeting
- Address public comments
- Allow for EPA review/approval
- Allowed to by-pass projects
- Unfunded projects are welcomed in subsequent years

Priority Ranking

Priority is based on:

- Acute Health issues (e.g. enforcement, BWN, SWTR/TCR violations, GUDI)
- Chronic Health issues (e.g. PMCL violations, lead/copper, ETT>10)
- Public Health (e.g. imp. pressure, reduce leakage, inadequate individual home water supplies, SMCLs, ETT 5 to10)
 - Compliance with Regulations
- Other Factors:
 - Rates as related to Median Household Income
 - Regionalization
 - Readiness
 - Availability of other funds
 - Projected cost per connection
 - Sustainability/reliability/GPR

However!

- While priority is based on Acute, Chronic, Public Health
 - VDH has made funding offers to all eligible projects the past five funding years!

Do you need funding assistance for the following? **How may we assist you with:**

- Aging Water System Infrastructure
- Replacing Critical Water System Assets
- In general - “taking care of what you currently have”

Financial Assistance Packages

Construction Projects and Refinance Loans

- Funding about 20 projects annually
- Average project size is about \$1-2 M.
- Largest projects = \$13 M (complete), \$27.8 M (in design stage)
- Core program:
 - 20 year loan term
 - Interest rate is 1% below the 20 year AA municipal bond market. (Currently 1.5% to 2.5%)
- VDH disadvantaged designation:
 - 30 year term, typical interest rate = 2% to 3%
 - Principal forgiveness (grant) funds available if all criteria met

Disadvantaged

30 year loans versus 20 year loans

- To increase access to 30 yr. loans
- If average monthly residential user rate > target rate, may qualify for a 30 year term
- Target rate = 1.0% x Median Household Income (MHI)
- Use MHI from area that benefits from project

Example: For an MHI of \$44,000 the target rate equals \$36.67 per month!

$(\$44,000 \times 1.0\% = \$440 \text{ annually divided by } 12 = \$36.67/\text{month})$

Disadvantaged

Principal Forgiveness

Must Meet All Criteria for Principal Forgiveness:

- Project resolves a public health or compliance problem
- Project serves/will serve less than 10,000 persons
- Residential MHI is 80% or less than the State Average
- Be experiencing financial stress. One indicator may be a negative cash flow
- User Rates that Exceed the Target Rate which equals $1.00 \% \times \text{MHI}$

Financial Assistance Packages

Small Construction Grants

- Must be designated by VDH as disadvantaged
- Typically \$150,000 or less

Construction Loans

- Core term offer (20 year term)
- Loan with 30 year term - if designated by VDH as disadvantaged

Construction Grant and Loan/Grant Blends

- Must be designated by VDH as disadvantaged

All Expenditure Reimbursement

Other Items to Note

FCAP Funding:

- Typical timeline is 3.5 yrs from application to completion.
- Last cycle - offered funding to all eligible/ready projects!
- Many repeat applicants
- Larger projects - we have partnered with other sources
- Other:
 - Credit review by Virginia Resources Authority (VRA) required on all loans
 - Expenditure reimbursement - 5 business days
 - Payments start 6 months after project completion
 - No prepayment penalty - only borrow what's needed.
 - Bond Counsel is required for Public Entities
 - Letter of Credit is required for Private Entities

Applications

Annual cycle:

January	ODW website updated
February	ODW Funding Webcast
April 1 st	Application deadline (construction, refinance, source water protection, set asides)
July	Funding offers made

*No Application Fee!

*No Local Match for Most Applications!

*Preliminary Engineering Conference must be scheduled ASAP

On line at: <http://www.vdh.virginia.gov/drinking-water/financial-construction-assistance-programs/drinking-water-funding-program-details/>

Drinking Water Funding Program Details

2019 Funding Solicitation Package Contents

NEW or CONTINUED for 2019 – All owners with applicable projects should consider applying

Funding Applications

1. April 1, 2018 (Construction, Refinance and Lead Service Lines Replacement)
Applications received after the deadline(s) may be considered for funding in the following round or if additional funds become available. Eligible applications may be retained in an applicant pool.

- ***Lead Service Line Replacement projects - use the Construction Application.***
- ***Refinance Projects have a separate application.***

Drinking Water Funding Program Details

All eligible construction projects recently funded –

VDH's Program was able to offer funding to all eligible construction projects with completed applications in 2018, 2017, 2016, 2015, and 2014. **Based on that all waterworks owners with eligible projects are encouraged to apply!**

PER Requirement Revised

- Schedule preliminary engineering conference (PEC) ASAP. **Prior to submitting construction application.**
- Document PEC and submit minutes with application.
- Preliminary Engineering Report (PER) can be funded as part of the construction application.

Drinking Water Funding Program Requirements

Procurement

- All applicants must abide by the Virginia Public Procurement Act (VPPA) for all VDH funded activities.
- All applicants must abide by the EPA's requirement for Minority and Women's Business Enterprises (MBE/WBE) Good Faith Efforts.
- All procurement for VDH funded activities must be reviewed/approved.

Drinking Water Funding Program Requirements

Preliminary Engineering Report (PER) and Plans/Specifications

If required by the ODW Field Office:

- PER – ODW Field Office and funding agency must review/approve.
- Plans/specifications – ODW Field Office and funding agency must review/approve.

Environmental Review

- An environmental review is required for every VDH funded project.
- Environmental Assessment or Categorical Exclusion.

Drinking Water Funding Program Requirements

Davis-Bacon Wage Requirement

Applies for SRF construction projects. The Davis-Bacon Act has been added to the list of Federal cross-cutter requirements.

American Iron and Steel Requirements

Applies to SRF construction loan projects with plans and specifications approved on or after 1/17/2014. Funding recipients and contractors certify compliance.

VDH reviews the information above during on site construction project evaluations.

FCAP Applications - Refinance, Construction, Source Water Protection




ODW Applications – On Our Website







PROGRAM DOCUMENTATION

- a. [Funding Announcement letter](#) 



MANUALS

- a. [DWSRF Program Design Manual](#) 
- b. [WSAG Program Guidelines](#) 

APPLICATIONS – *Please note application review deadline above.*

- a. [Refinance Loan Application](#) [PDF](#)  | [Word](#)
- b. [Construction Funds Application](#) [PDF](#)  | [Word](#)
- c. [Construction Funds Application Instructions](#) 
- d. [1452K Source Water Protection Initiative Application](#) [PDF](#)  | [Word](#)
- e. [Planning & Design Fund Application](#) [PDF](#)  | [Word](#)
- f. [Planning & Design Fund Application Instructions](#) 

OTHER FACTSHEETS/FORMS

- a. [Program Comment & Set-aside Suggestion Form](#)
- b. [Construction Project Schedule](#) [Excel](#) | [Word](#)
- c. [Cash Flow Template](#)
- d. [Resources Available](#)
- e. [Example Resolution](#)
- f. [Income Survey Template](#)
- g. [Factsheet MBE/WBE Requirements](#) 
- h. [Certification Regarding Lobbying](#)
- i. [Building Financial Sustainability/Financial Health Indicators](#) 

ODW Applications

- a. Refinance Loan Application [PDF](#) | [Word](#)
- b. Construction Funds Application [PDF](#) | [Word](#)
- c. [Construction Funds Application Instructions](#)
- d. 1452K Source Water Protection Initiative Application [PDF](#) | [Word](#)
- e. Planning & Design Fund Application [PDF](#) | [Word](#)
- f. [Planning & Design Fund Application Instructions](#)

<http://www.vdh.virginia.gov/drinking-water/financial-construction-assistance-programs/drinking-water-funding-program-details/>

Refinance Loan Application

January 1, 2018

VIRGINIA DEPARTMENT OF HEALTH (VDH)
OFFICE OF DRINKING WATER (ODW)
FINANCIAL AND CONSTRUCTION ASSISTANCE PROGRAMS (FCAP)

RETURN APPLICATION TO:
Office of Drinking Water /VDH
109 Governor Street, 6th Floor
Richmond, VA 23219
(Voice: 804-864-7501)
(FAX: 804-864-7521)

**Note: Submit two complete and
signed applications and two copies of
all required attachments**

APPLICATION FOR REFINANCE FUNDS

Application also available at: <http://www.vdh.virginia.gov/odw/financial/dw/fundingprogramdetails.htm>

Incomplete information may result in the delay or rejection of the application request.

If approved the refinance will be for the same final maturity up to a 20 year loan at the core term interest which is set at closing but has historically been around 1.5 to 2.4%. VDH reserves the right to offer a 30 year if the waterworks meets certain disadvantaged criteria. The Safe Drinking Water Act allows the DWSRF to provide for extended term loans to disadvantaged communities provided that the loan terminates no later than the date that is 30 years after the date of the project completion and does not exceed the expected design life of the project.

PRE-SCREENING REQUIREMENTS FOR REFINANCING DEBT:

If you answer **YES** to any of these questions; **STOP** as you are not eligible to apply for Refinance funds.

1. Have you been debarred or suspended from applying for state or federal funds? ☐ Yes ☐ No
2. Is your waterworks state, federally, tribally, or privately owned? ☐ Yes ☐ No
3. Is your waterworks classified as a Non-community Waterworks (i.e. NTNC or TNC)? ☐ Yes ☐ No

OTHER REQUIREMENTS – The following questions pertain to the construction debt being refinanced:

If you answer **NO** to any of these questions; **STOP** as the funding request appears to be ineligible or your application needs to be revised.

4. If the debt was incurred for projects in addition to the construction of drinking water infrastructure can the drinking water portion be readily allocated with supporting documentation? ☐ Yes ☐ No
5. Is the debt pre-payable or current callable? ☐ Yes ☐ No
6. Was the debt incurred for DW construction with a construction initiation date after July 1, 1993? ☐ N/A, Unsure ☐ Yes ☐ No
7. If construction was initiated after October 30, 2009; were Davis-Bacon Wage requirements incorporated into the construction? ☐ N/A, Unsure ☐ Yes ☐ No
8. If plans and specs were approved after January 16, 2014; were American Iron and Steel or Buy American requirements incorporated into the construction? ☐ N/A, Unsure ☐ Yes ☐ No

Refinance Loan Application – Required Attachments

SECTION G – REQUIRED ATTACHMENTS: Please label your attachments with corresponding numbers (i.e. G-1, G-2, etc.).

1. Outstanding debt amount and with whom. Include origination date(s) of the debt obligation(s) to be refinanced.
2. Estimated Refinance savings. Use the net present value savings of the existing debt minus the potential refinance debt. Assume a level debt service schedule with semi-annual payments at an interest rate of 2.2% for 20 years or shorter to match the existing final maturity date. The first payment will be six months after loan closing and should occur within 12 months of application submittal. If you have difficulty calculating this savings, please contact VDH.
3. Controlling Board Authorization or Owner's Letter identifying Agent Authorized to make application to the DWSRF.
4. One copy of the latest interim (unaudited) financial statement.
5. One copy of the current year budget.
6. One copy each of the five most recent annual audits. If the applicant has existing debt held by VRA and audit submittals are current, it is not necessary to submit. This item may be submitted in PDF format on a CD provided 2 copies of the CD are submitted.
7. One copy of the bond and loan agreement to be refinanced.
8. One copy of your current rate structure.

Construction Funds Application

January 1, 2018

Project Name: _____ Location (City/County) _____

VIRGINIA DEPARTMENT OF HEALTH (VDH)
OFFICE OF DRINKING WATER (ODW)
FINANCIAL AND CONSTRUCTION ASSISTANCE PROGRAMS (FCAP)

RETURN APPLICATION TO:
Virginia Department of Health
Office of Drinking Water
109 Governor Street, 6th Floor
Richmond, VA 23219
(Voice: 804-864-7501)
(FAX: 804-864-7521)

Note: Submit two complete and signed hard copy applications and two copies of all required attachments to the address shown at the left before the application deadline

APPLICATION FOR CONSTRUCTION FUNDS

Application also available at: <http://www.vdh.virginia.gov/odw/financial/dw/fundingprogramdetails.htm>

Year-Round Submittals Accepted

Applicants are advised to schedule the required Preliminary Engineering Conference with the appropriate ODW Field Office prior to February 15th.

PRE-REQUIREMENTS FOR FUNDING

If you answer **YES** to either of these questions; **STOP** as you are not eligible to apply for funds.

1. Have you been debarred or suspended from applying for state or federal funds? ☐ Yes ☐ No.
2. Is your waterworks state, federally, or tribally owned? ☐ Yes ☐ No.

PRE-REQUIREMENTS FOR CONSTRUCTION APPLICATIONS

If you answer **NO** to any of these questions; **STOP** as you are not ready to apply for construction funds.

Please contact us to work with you on planning the project.

1. Are you either a community or non-profit noncommunity waterworks? ☐ Yes ☐ No.
2. Have you had a Preliminary Engineering Conference (PEC) with ODW's Field Office? ☐ Yes ☐ No.
3. Source – ☐ Yes ☐ No.
Do you have an adequate drinking water source or source agreement contract?
If yes, provide documentation from ODW's Field Office that the source or contract is adequate.
☐ Not Applicable-project is for new well, or I am filing for a consecutive waterworks.
4. User Agreements for new service area customers - ☐ Not Applicable
Do you have executed agreements or commitments from your initial survey from a majority of customers in the project area? ☐ Yes ☐ No.
If yes, please provide an area map indicating existing potential connections and indicating those committed.
NOTE: Mandatory hook-up ordinance does not substitute for obtaining agreements or commitments to connect.
5. Davis-Bacon Wage Act and American Iron and Steel requirements will apply. I can comply with these requirements. ☐ Yes ☐ No.
6. The earliest we expect DWSRF funds to become available is the first quarter of next year. Will this meet your needs? ☐ Yes ☐ No.

Construction Funds Application – Required Attachments

SECTION C – REQUIRED ATTACHMENTS – Please check those attached and label your attachments with corresponding numbers (i.e. C-1, C-2, etc.).

1. Other Funds Available (e.g. Letters of conditions, award letters, etc.)

Office of Drinking Water – FCAP Funding

Page 2 of 10

CONSTRUCTION

January 1, 2018

2. Outstanding debt amount and with whom
3. Controlling Board Authorization or Owner's Letter identifying Agent Authorized to make application to the DWSRF.
4. Project issue documentation.
5. Median Household Income – including site income surveys if census information not at project level.
6. VDH's 4 page Construction Project Schedule.
7. Results of user agreement/commitment initial survey with project map.
8. Adequate drinking water source or source agreement contract – VDH approved.
9. Preliminary Engineering Conference documentation/notes or VDH-Office of Drinking Water letter/email waiving this requirement. If a Preliminary Engineering Report has been drafted for this project include a copy of that also. Any letter reports, design memos, or alternatives analysis should be included in this section. Regionalization should be considered as an option.
10. Explain status of necessary permits (401/404, VPDES, Groundwater withdrawal, etc.)
11. Current rate schedule for water connection fee for water and date of last increase.

Construction Funds Application – Required Attachments

12. Monthly average of residential water usage. Use total annual gallons billed for in-town residential customers divided by 12 months and divide by the total number of in-town residential customers.
13. Not Used
14. Listing of 10 largest water users and estimated monthly consumption per user.
15. Basis for O, M & R cost for proposed project and existing system.
16. One copy of the latest interim (unaudited) financial statement.
17. One copy of the current year budget.
18. One copy each of the three most recent (within 5 years) annual audits (or Tax Returns for individuals).
19. For the proposed project – a six-year cash flow analysis of revenue – using VDH project only template- and expenses (operating budget) showing as a bottom line funds available for debt service.
20. For the entire waterworks including proposed project(s) – a six year cash flow analysis – using VDH overall waterworks template- of revenue and expenses (operating budget) showing as a bottom line funds available for debt service.
21. Supporting documentation used to determine the percent of leakage in the system. For this application, leakage is the amount of real water lost in the distribution system lines and tanks from cracks, leaks, and tank overflows divided by total water production. Should match Section G.1.f.
22. Asset Management Plan (as described in Section J).

Items 9, 16, 18 and 22 may be submitted in PDF format on a CD or thumb drive provided 2 copies are submitted.

Items 19, 20, and 21 may also be included in spreadsheet format on the CDs or thumb drives. Please make note on the application that the information is included in the attached digital material.

Item 18 – Tax Returns for individuals – if applicable, please redact or blacken any social security numbers.

Other Factsheets/Forms

- [a. Program Comment & Set-aside Suggestion Form](#)
- b. Construction Project Schedule [Excel](#) | [Word](#)
- [c. Cash Flow Template](#)
- [d. Resources Available](#)
- [e. Example Resolution](#)
- [f. Income Survey Template](#)
- [g. Factsheet MBE/WBE Requirements](#)
- [h. Certification Regarding Lobbying](#)
- [i. Building Financial Sustainability/Financial Health Indicators](#)

<http://www.vdh.virginia.gov/drinking-water/financial-construction-assistance-programs/drinking-water-funding-program-details/>

Construction Funds Application – Instructions

Virginia Department of Health-Office of Drinking Water

Page 1 of 4

**VIRGINIA DEPARTMENT OF HEALTH
OFFICE OF DRINKING WATER
FINANCIAL AND CONSTRUCTION ASSISTANCE PROGRAMS (FCAP)**

**INSTRUCTIONS FOR COMPLETION OF
APPLICATION FOR CONSTRUCTION FUNDS**

The following instructions are intended to supplement instructions and explanatory information incorporated into the PROGRAM DESIGN MANUAL and the APPLICATION FOR CONSTRUCTION FUNDS (Application). If you experience problems in completing the Application after reading through these documents, please do not hesitate to contact the following Program staff for direct assistance.

Steve Pelli, Division Director, FCAP, 804/864-7489
Keith Kornegay, Project Supervisor, 540/463-0420, or
Howard Eckstein, Project Officer, 804/864-7507

Submit two complete and signed hard copy applications and two copies of all required attachments to the address below before 4 PM on the application deadline (typically April 1):

Virginia Department of Health
Office of Drinking Water
109 Governor Street, 6th Floor
Richmond, VA 23219

Note: Year-Round Submittals are accepted, however VDH expects to evaluate all projects received by the application deadline together.

Applicants are advised to schedule the required Preliminary Engineering Conference with the appropriate ODW Field Office prior to February 15th.

Answer all of the pre-requirement, pre-application, and information sharing questions on page one. These questions are intended to assist you in determining your eligibility under the program prior to completing the application form.

SECTION A – PROJECT, ORGANIZATIONAL, AND CONTACT INFORMATION

Line 1, Project Name: Record the project title for which you are applying for funding. It should be sufficiently descriptive to identify it clearly and avoid confusion with any other current or future projects (e.g. “Main Street WL Replacement & Extension Project (Phase I)”). The name should not include the name of the owner/applicant. The project name will be used to identify the project to the public during our public comment period.

1452 K Source Water Protection Initiative Application

January 1, 2018

VIRGINIA DEPARTMENT OF HEALTH
DRINKING WATER
FINANCIAL AND CONSTRUCTION ASSISTANCE PROGRAMS (FCAP)

SOURCE WATER PROTECTION INITIATIVES
(1452 (k) LOANS) APPLICATION

- Land Acquisition or Conservation Easements
- Voluntary Incentive-based Protection Measures

RETURN APPLICATION TO:
Virginia Department of Health
Office of Drinking Water
109 Governor Street, 6th Floor
Richmond, VA 23219
(Voice: 804-864-7501)

SECTION A – PROJECT, ORGANIZATIONAL, AND CONTACT INFORMATION

1. Project Name: _____ Location (City/County) _____
2. Waterworks type:
 - ☐ Publically-owned community PWS ID number: _____ System Name: _____
 - ☐ Investor-owned community PWS ID number: _____ System Name: _____
 - ☐ Nonprofit noncommunity PWS ID number: _____ System Name: _____
 - ☐ None of the above Explanation: _____Currently Permitted by ODW? ☐ Yes. ☐ No.
3. Legal Owner of Waterworks or Authorized Agent
 - a. Name: _____
 - b. Address: _____
Street Address/P.O. Box _____ Town/City _____ State _____ ZIP _____
 - c. Contact Person: _____
 - d. Telephone Number: _____ Alternate Number: _____
 - e. FAX Number: _____ E-mail Address: _____
 - f. Federal DUNS #: _____ CCR # _____
4. Engineering Consultant (If applicable)
 - a. Firm Name: _____
 - b. Address: _____
Street Address/P.O. Box _____ Town/City _____ State _____ ZIP _____
 - c. Preferred Contact Info:
 - Contact Person: _____
Name _____ Title _____
 - Telephone Number: _____ Alternate Number: _____
 - E-mail Address: _____ Alternate E-mail Address: _____
 - FAX Number: _____

All Applications – Friendly Reminders

- Federal DUNS and CCR numbers – if you don't have these numbers when you apply, please note this. These will be required if you receive/accept a VDH funding offer.
- Remember to sign/date the application.
- Please submit all required attachments. If an item is not applicable, then note "N/A". Most items will be applicable.
- Fill out the complete application – no blanks please.
- Please submit two complete sets of the application and two complete sets of all required attachments.

What Happens After the Applications Are Submitted?

- April 1 - VDH Applications are due every year. Due = postmarked. April 1, 2018 is a Sunday.
- Therefore, please have all applications postmarked by **Saturday, March 31, 2018**.
- Submit all applications to address listed on first page - Richmond Central Office (where they are logged in).
- April 10 - April 13, 2018 - Applications to be reviewed.
- If application lacks an attachment/further clarification is needed - you and your consultant (if consultant listed on application) will be contacted during this timeframe via e-mail.
- Deadline provided for needed information.

What Happens After the Applications Are Submitted?

- If application is woefully incomplete or the activity applied for isn't eligible, then it will not be scored/ranked.
- After April 10 - 13th review period, the appropriate ODW Field Office will also review the applications.
- Capacity Development Review (TMF, Waterworks Business Operations Plan required?).
- Scoring/ranking of all applications finalized.
- Approx. July 2018 - funding offers made.

Water System Survey – Coming Soon!

- How may the Office of Drinking Water assist you in funding your proposed capital improvement projects?
- Please let us know!
- Coming soon to our website – Water System Survey!
- Community and non-profit non-community water systems only please – due to DWSRF eligibility requirements.

<http://www.vdh.virginia.gov/drinking-water/financial-construction-assistance-programs/drinking-water-funding-program-details/>

- Thank you for your feedback!

FCAP Project Contacts

1. Steven D. Pellei, PE, Division Director

Email: Steve.Pellei@vdh.virginia.gov (804) 864-7489 (Richmond)

2. Keith J. Kornegay, PE, SRF Project Supervisor

Email: Keith.Kornegay@vdh.virginia.gov (540) 463-0420 (Lexington)

3. Theresa Hewlett, Program Support Tech Senior

Email: Theresa.Hewlett@vdh.virginia.gov (804) 864-7501 (Richmond)

4. Howard Eckstein, Project Officer

Email: Howard.Eckstein@vdh.virginia.gov (804) 864-7507 (Richmond)

5. Paul Green, Project Engineer

Email: Paul.Green@vdh.virginia.gov (276) 525-6167 (Abingdon)

6. April Helbert, PE, Project Engineer

Email: April.Helbert@vdh.virginia.gov (276) 525-6152 (Abingdon)

7. Roy Soto, PE, PMP, Project Engineer

Email: Roy.Soto@vdh.virginia.gov (804) 864-7516 (Richmond)

10 to 15 Minute Break?



Capacity Development Program

Funding through Capacity Development

Funding through Capacity Development

The Division of Capacity Development also provides funding through several opportunities. These include:

Planning and Design Grants

Small Project Engineering Projects

“Set-aside” Suggestions

Set-aside suggestions are ideas that interested parties may submit to ODW for state-wide programs to further the promotion of the drinking water industry. Typically this refers to operator training.

Ensuring Adequate Capacity

Clean & Safe Drinking Water



Source



Treatment



Distribution

Technical, Managerial, & Financial Capacity of Systems

Strong, Effective State Programs



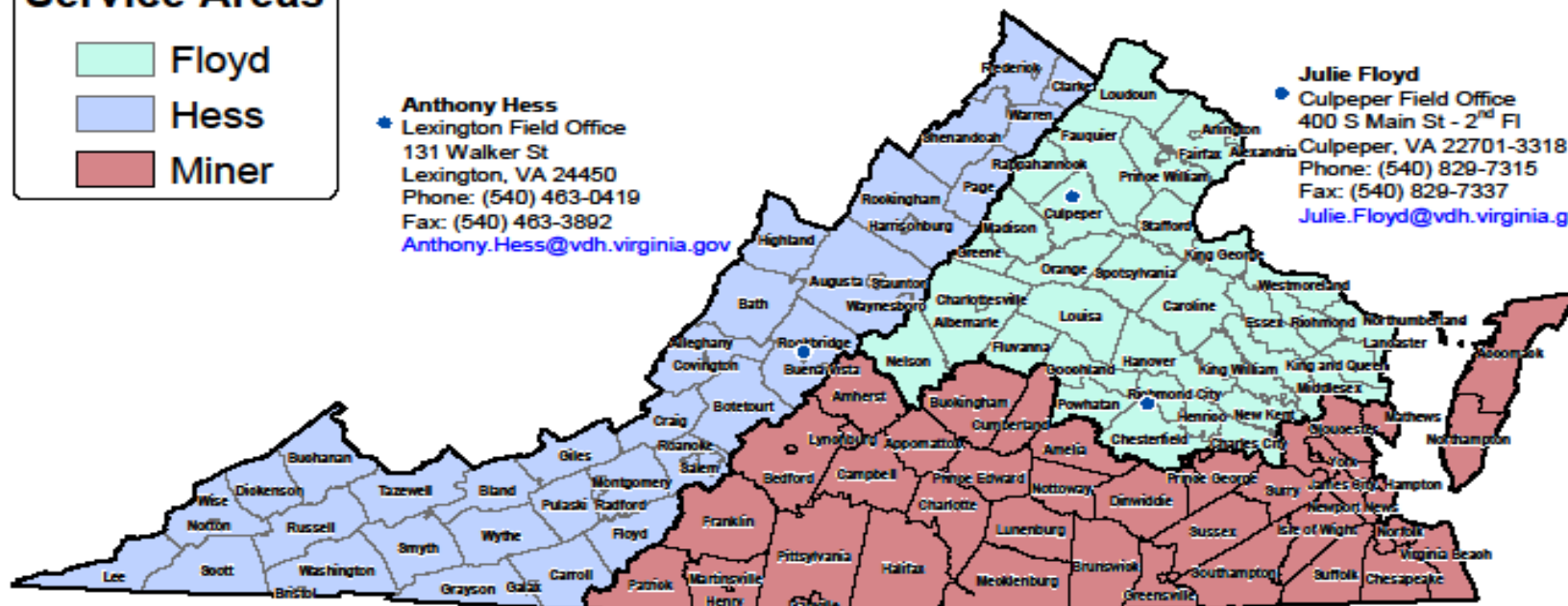
Capacity Development Program Sustainability Coordinators Service Area

Service Areas

- Floyd
- Hess
- Miner

Anthony Hess
 • Lexington Field Office
 131 Walker St
 Lexington, VA 24450
 Phone: (540) 463-0419
 Fax: (540) 463-3892
Anthony.Hess@vdh.virginia.gov

Julie Floyd
 • Culpeper Field Office
 400 S Main St - 2nd Fl
 Culpeper, VA 22701-3318
 Phone: (540) 829-7315
 Fax: (540) 829-7337
Julie.Floyd@vdh.virginia.gov



Susan Miner
 • Central Office
 109 Governor St, Rm 640
 Richmond, VA 23219
 Phone: (804) 864-8086
 Fax: (804) 864-7521
Susan.Miner@vdh.virginia.gov

VDH VIRGINIA
 DEPARTMENT
 OF HEALTH
Protecting You and Your Environment
www.vdh.virginia.gov


**Office of
Drinking
Water**
*Give Drinking Water for
a Healthy Virginia*

Quick Look at Planning Grants

- Applications Year-round
- Only for Community and non-profit Nontransient Noncommunity waterworks (Not state or federally owned)
- Maximum grant amount of \$35,000.

Quick Look at Planning Grants

- Application Process is competitive
- Applications not funded in immediately will be reviewed in September for possible funding
- Virginia Procurement Act requirements apply
- <http://www.vdh.virginia.gov/odw/financial/dwfundingprogramdetails.htm>

Eligibility

- Community Waterworks owners
 - Public or
 - Private
 - Not State or Federally owned
- Non-Profit NTNCs
- Fewer than 10,001 persons served by the waterworks
- Documented evidence of non-compliance with State and/or Federal Regulations
- Must show need based on existing rates, MHI, etc.

Eligible Projects

- Up to 3 applications/year per waterworks
 - Only 2 can be funded per waterworks per year
 - Must be discrete areas of the waterworks
 - Source
 - Treatment
 - Distribution

Example Projects

- Preliminary Engineering Reports
- Treatment System Evaluations due to MCL exceedances
- Hydraulic Evaluation - Distribution System Improvements related to excessive water loss
- Drilling, testing & sampling of test wells to determine source feasibility related to source capacity
- Source water quality/quantity studies were violations have been on-going
- Asset Management Plan (as funding allows)
- Rate Studies (as funding allows)

Funding Available

Planning on funding 6 -8 Grants for FY2018

FY 2017 Statistics:

- received 15 applications totaling approximately \$0.5M
- funded 5 applications totaling approx. \$200,000

The Application process is Competitive

Procurement

- Virginia Procurement Act procedures must be followed
- You will not be reimbursed for expenses incurred before properly procuring services
- MBE / WBE applies
- Failure to properly procure will jeopardize your funding
- We will help walk you through the procurement steps

Payment of Funds

- For Preliminary Engineering Reports (PER)
 - First half may be paid when Engineer submits PER to ODW Field Office
 - Second Half may be paid after approval
- Reimbursement for Expenses
- Turnaround reasonable (and folks in the business know what to expect)

Competitive Application Process

All Planning Grant Applications Will be Scored and Ranked:

1. Acute Health Risks
2. Chronic Health Risks
3. Public Health Risks
4. Other

Competitive Application Process

Additional points will be given for:

- Amount of documented water loss
- Size of Waterworks (Small waterworks have priority)
- Documentation of other funding
- Household MHI (Affordability)
- Consolidation / Regionalization

Refer to the Program Design Manual

<http://www.vdh.virginia.gov/odw/financial/documents/2016Funding/03-SRF%20Program%20Design%20Manual.pdf>

Summary

- Designed for small, rural, financially stressed, community waterworks.
- Funds for planning and design **(Environmental Assessment excluded)**
- **Up to \$35,000 each.** Local match of funds **is not required.**
- Limited to less than 10,001 persons served.
- ODW awards 6-8 per year depending on available funds.
- Additional projects will be considered based on availability of funds.
- Priority given to documented Acute and Chronic Health needs.
- Applications accepted on a year-round basis; with all project scored and ranked for funding in September of each year.
- **15 Month project schedule will be strictly adhered to**

Small Project Engineer Services

Designed to fund engineering services at waterworks which may not be able to otherwise afford these services. Eligible waterworks include Community and Non-profit Non-transient Noncommunity systems serving a population of 10,000 persons or less. These services are intended to supplement the Office of Drinking Water's technical assistance services.

SPES utilizes task order requests for initiating projects.

Small Project Engineer Services

The types of engineering projects are small design, or documentation of as-built, and generally include:

- Required as-built drawing and specifications
- Small chemical feed design documents for upgrades
- Design documents for sampling or injection points
- Waterworks Business Operation Plans
- Asset Management Plans

Small Project Engineer Services

Field Office staff can make waterworks referrals to the Director of Capacity Development. Referrals include:

- Waterworks name and PWSID
- Administrative contact
- Telephone number
- E-mail address
- Reason for referral

Small Project Engineer Services

Task orders from the consultants are submitted to the Director of Capacity Development and reviewed for approval. All waterworks in the Field Offices have equal access to project funding. Task orders are on a first-come first-serve basis. Field Office staff reviews task orders to insure the project scope addresses the issue initiating the referral.

Questions?

More information at:

<http://www.vdh.virginia.gov/drinking-water/>

OR

Search keywords:

VDH Financial Construction

VDH Capacity Development